



CANADA MORTGAGE AND HOUSING CORPORATION

# ABOUT YOUR GOVERNANCE

## Dealing with Late Payments

The majority of tenants or members pay their rent on time. Unfortunately, there may be a few tenants or members who will occasionally or regularly not pay on time. Generally, non-profit housing providers and co-operatives are governed by different rules. For rental properties, the procedure for collecting late payments depends on the most recent provincial legislation governing landlord-tenant relations. Co-operatives, for their part, are governed by three components of legislation:

1. the co-operatives act for their province or territory;
2. the human rights legislation for their province or territory; and
3. the principles of fairness.

In addition, tenancy legislation or legislation governing co-operatives may apply in specific provinces or territories. Although the following refers to a tenant, the same principles apply to members of housing co-operatives.

General guidelines for avoiding and dealing with late payments are as follows:

- Create a policy on late payments based on the provincial legislation. Such a policy ensures firm but fair treatment of the tenants.
- Have tenants submit post-dated cheques to the end of the year, where permissible.

- Consider offering a preauthorized automatic withdrawal system option to tenants. This automatically transfers the payment from a tenant's bank account into the project's operating account on the date specified. The tenant may prefer to use this method as it just makes it easier to pay and be on time.
- When a payment is not received on time, or is returned by the financial institution due to non-sufficient funds (NSF cheque) give the delinquent tenant written notice that his or her rent is overdue and request immediate payment. The notice should be friendly and non-threatening in nature.
- After 24 hours, should no response be received, visit the tenant.



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- Discuss concerns about the late rent with the tenant. Allow the tenant to state his or her case or reasons for non-payment. Depending upon the circumstances, judgment will be required to determine whether some leniency may be required. If not, refer to the policy on late payments, and inform the tenant of the procedure if payment is not received.
- If the tenant refers to maintenance or repairs that are required, politely inform him or her that these issues are separate, and will be addressed separately. Ask the tenant to formally request the repairs using a maintenance request form. Refer to the policy on late payments, and inform the tenant of the procedure if payment is not received.
- If full payment is not received in a timely manner inform the tenant that he or she will need to enter into a repayment plan to ensure payment is received in full over a certain period of time. The period of time to collect the amount should be as short as possible without causing any undue hardship to the tenant. If the tenant is not willing to enter into a repayment plan, inform the tenant of the actions that will follow referring to the project's policy on late payments.

For more information, consult CMHC's *Guide to Co-operative Housing* or *Your Guide to Renting a Home – for Landlords* at [www.cmhc.ca](http://www.cmhc.ca)